
To: Real Estate Department Partners

Notice: **RED-13-25**

From: Real Estate Department

Date: October 9, 2013

Re: HUD Handbook Change 4- Effects on Real Estate Department Programs

Change 4 to HUD Handbook 4350.3 was released in August 2013. While most of the updates in the Handbook related to the EIV System which affects Section 8, a few general income and asset changes were also released. These changes are now in effect and apply to income verification procedures used for all IHCD Real Estate Department programs, including Section 42 low-income housing tax credits, HOME, CDBG & CDBG-D, NSP, and Development Fund.

1. Foster children and adults are now considered household members, which means they are INCLUDED in household size for purposes of income limits. For example, a household that consists of an adult head of household and her foster child is now considered a two-person household and the two-person income limit would be used to determine eligibility. Previously, the foster child would not have been included in household size. There is no change to the manner in which income is included for foster children and adults.
2. For households receiving Section 8 assistance, any deferred Department of Veterans Affairs (VA) disability benefits received either as a lump sum or in prospective monthly amounts are EXCLUDED from annual income. This exclusion only applies if the household receives Section 8 assistance.
3. Change 4 clarifies that retirement savings accounts (such as IRAs, Keoghs, and other similar accounts) are only counted as either an income or asset source, never as both. The account is considered income if the household receives periodic payments or withdrawals. The account is considered an asset if the household does not receive period payments. This is a new clarification in the HUD Handbook but matches existing IHCD policy.

All future editions of IHCD Compliance Manuals will be updated with this new information.

Questions can be directed to any member of the Compliance and Asset Management team.

